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Progress in the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa

Report of the Secretary-General

Summary

Pursuant to section I of General Assembly resolution 63/263, in which the Assembly endorsed the conclusions and recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/63/465), progress reports are to be submitted annually to the Assembly for all ongoing construction projects.

The present report provides an update on the current status of the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa and the renovation of Africa Hall. The latest cost plan for construction is included as an annex to the present report.

* A/66/150.

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I. Introduction

1. Section II of the present report provides an update on the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa since the previous report of the Secretary-General (A/65/351). Section III provides an update on the status of the renovation of Africa Hall.

2. By its resolution 56/270, the General Assembly approved the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa. Subsequently, in its resolution 60/248, the Assembly endorsed the expansion of the scope of the project to include the construction of two additional floors. In its resolution 62/238, the Assembly took note of the report of the Secretary-General (A/62/487) and endorsed the related recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/62/7/Add.11) for a revised cost estimate totalling $14,333,100.

3. In its resolution 65/259, the General Assembly requested the Secretary-General to expeditiously assess the status of the Conference facilities at the Economic Commission for Africa in particular Africa Hall and Conference Room 1, and to report thereon in the context of his next annual progress report.

II. Progress in the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa

A. Construction progress

4. The construction contract was signed on 1 April 2010. The construction commenced on 1 May following four weeks of mobilization. The construction was scheduled to be substantially completed by 28 February 2012; however, the limited availability of cement on the local market as outlined in the previous report of the Secretary-General (see A/65/351), has necessitated the importation of cement, resulting in the extension of the construction period by six months until the end of August 2012 to be followed by approximately six months of interior set-up by the agencies that will occupy the building.

5. Since the importation of cement is regulated by the host Government, discussions were carried out with the host Government with the aim of finding a timely solution to the cement shortage issue. As cited in the report of the Advisory Committee on Administrative and Budgetary Questions (A/65/518), the Economic Commission for Africa worked closely with the host Government to obtain a special permit so that the contractor could import the required quantity of cement for the project. The processing of the special permit took five months, and the cement arrived at the contractor's warehouse on 3 December 2010, within one month of the order. It should be noted that the cooperation of the host Government facilitated the importation of cement.

6. In April 2011, the effects of the cement shortage were also discussed with representatives from the Office of Central Support Services at Headquarters, officials from the Economic Commission for Africa, the contractor and the local architectural and engineering firm. At that meeting, it was agreed that the deadline of the project would be extended by six months, owing to the cement shortage.

7. As a direct result of the close collaboration between the Economic Commission for Africa and the host Government, the progress of construction since the arrival of the first cement delivery has been positive. As at the end of June 2011, 30 per cent of the construction work had been completed. Since April 2011, the contractor has put in place an accelerated programme of work, which has had a positive impact on the project.

8. The Economic Commission for Africa continues to collaborate with Government officials at the Ministry of Foreign Affairs of Ethiopia and other local authorities to ensure a steady supply of the required cement to complete the building's structural components. The Ministry recently granted permission for the importation of additional cement, to be delivered in October 2011. The facilitation of the importation of the cement and the support for the provision of the drainage system, among other actions, point to the positive collaboration between the Economic Commission for Africa and the Government of Ethiopia, in particular the Ministry of Foreign Affairs and the city government of Addis Ababa.

9. The new office facilities project has now reached a crucial phase that requires the importation of many of the finishing materials, equipment and fixtures. The Economic Commission for Africa will start the importation process shortly. The ongoing support of the Ministry of Foreign Affairs in facilitating the importation of the materials and equipment is critical.

10. The Economic Commission for Africa intends to use energy-efficient lighting systems throughout the project. At the beginning of 2011, a four-person team from the Economic Commission for Africa visited the recently completed additional office facilities at the United Nations Office at Nairobi to gain experience regarding the technology used and review the lessons learned. On the basis of the team's evaluation of both the lighting fixtures and the water supply systems, the Economic Commission for Africa has proposed energy-efficient solutions that could significantly reduce operational costs.

B. Host country agreement for duty-free and tax-free status

11. The voucher system for the project's value added tax-free status, in respect of local purchase of goods and services, continues to be implemented.

C. Site works to be executed according to the host country agreement

12. A storm drainage line, which crossed the new Economic Commission for Africa compound in a north-south direction, was the last obstacle to the construction of the building. After a first-hand assessment of the problem by senior officials of the Addis Ababa city administration, the drainage line was diverted by the local government in September 2010. The diversion has benefited not only the Economic Commission for Africa but also others in the neighbourhood who were affected by storm water.

D. Procurement

13. As mentioned in the previous report of the Secretary-General (A/65/351), provisions for the construction of an additional floor were made in the construction contract in the event that additional funding resources could be obtained. This funding was confirmed by the Department of Field Support, and on 23 December 2010, an amendment to the contract was signed.

14. The three elevators, which had been removed from the project scope in order not to exceed the project budget, were separately contracted by the Economic Commission for Africa on 11 March 2011. Manufacturing of the elevators is under way and their delivery date is scheduled to be within six months of the date of the signed contract.

15. A tender was issued in September 2010 to hire a firm for the provision of independent technical advisory and quantity surveying services, and the contract was awarded to a local engineering firm. More detail on these advisory roles is provided in paragraph 18 below.

16. The auxiliary projects that were budgeted for but not included in the initial design of the building include the site works, information technology and telephone equipment, landscaping and parking, internal roads, generators and generator housing. The design of the information technology and telephone equipment has been completed by the information technology professionals of the Economic Commission for Africa. A tender for the design of the other projects was issued in December 2010. A contract was signed with the selected design consultant on 20 April 2011, and the design works are under way. The design and construction works of these auxiliary projects is expected to be substantially completed within the revised time frame for the occupation of the building.

E. Project management

17. As summarized in the previous reports, the Executive Secretary of the Economic Commission for Africa, or his or her designee, oversees the construction project and acts as the liaison with the Government of Ethiopia. The Director of the Division of Administration at the Economic Commission for Africa assists the Executive Secretary with the overall management of the project, including with administrative and financial issues. Since the last report, the Compound Advisory Committee has been broadened to include representatives from all major agencies of the United Nations system based in Addis Ababa to provide advice on the project, including decisions on eventual space allocation. A technical materials selection committee has been established to evaluate and approve project-related submittals.

18. The independent technical adviser and the independent quantity surveyor, contracted in March 2011, are advising and reporting to the Director of the Division of Administration at the Economic Commission for Africa in their respective area of specialization. The independent technical adviser is responsible for monitoring the quality and progress of the construction, as well as assessing the technical and financial reports submitted by the project management team, and is to advise on any required course of action. The independent quantity surveyor is responsible for the verification of executed works, review of the contractor's invoices and the

verification of unit rates for all new items of work as may be necessary during the construction process.

19. Day-to-day project management and administration oversight are performed by a project management team led by a senior project manager who is currently supported by a staff member at the P-3 level and two support staff. In addition, other personnel have been added to support the construction and monitoring activities. A technical supervisor at the P-3 level has been recruited and a budget officer, an administrative assistant and dedicated staff for importation management have been assigned. Furthermore, the local architectural consultant team provides the necessary day-to-day construction supervision, testing and commissioning, and will continue to do so during the warranty period phases.

20. The Division of Administration, Facilities Management Section, General Services Section, Security and Safety Section and Information Technology Services Section at the Economic Commission for Africa continue to provide additional technical and administrative expertise in their respective areas and will do so throughout the construction period. They also help to support and provide the necessary leadership for all the auxiliary projects. As stated in paragraph 16 above, additional consultants are working on the design and preparation of the tender documentation for the landscaping and related auxiliary projects.

21. Administrative and coordination arrangements, agreed upon by the Office of Central Support Services and the Economic Commission for Africa, define the roles and responsibilities of the project stakeholders. The agreement establishes the procedures for the initiation and approval of change orders, project reporting, budgetary and financial management and audits. It is regularly updated to include new developments.

22. The Office of Central Support Services at Headquarters continues to provide the necessary coordination, support and guidance on project management and technical matters, and recently deployed two separate missions, with senior-level representatives from the Facilities Management Service and Procurement Division, to support the Economic Commission for Africa in the overall management of the project. Headquarters continues to hold regular weekly conference-call meetings with the project team and monthly video teleconferences with senior-level management as part of their ongoing project support.

F. Car parking and landscaping

23. As indicated in the previous report of the Secretary-General (A/65/351), the parking policy has been finalized, but implementation was halted owing to emerging security concerns which required the closure in December 2008 of the parking area located underneath the conference centre building. The Economic Commission for Africa is currently undertaking two projects that will further reduce the number of available parking spaces during their implementation: the PACT II security installation and the expansion of the north parking area. Both projects are scheduled to take 11 months. During this period, the Economic Commission for Africa will only be able to provide parking spaces for official cars and for dignitaries attending meetings. Very limited parking space will be available for staff member vehicles.

G. Information and communications technology equipment and backup generators

24. The design work and preparation of specifications for the information and communications technology equipment has been completed with the help of information technology professionals from the Economic Commission for Africa. The procurement process for the equipment is under way. Owing to the cement shortage affecting construction progress, the installation of information and communications technology equipment has been rescheduled to early to mid-2012.

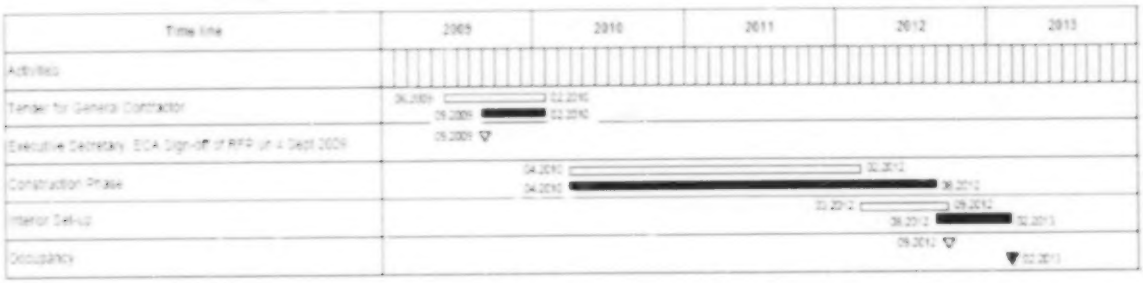
25. Specifications for two backup generators for the project have been finalized by the Economic Commission for Africa's Facilities Management Section and the procurement process is under way.

H. Project schedule

26. The revised project schedule is shown in the table below. As noted previously, the construction schedule has been extended by six months compared with the schedule in the previous report.

27. The construction, now scheduled for completion in August 2012, will be followed by an interior set-up lasting approximately six months. The cost of the interior set-up will be funded by the occupants and is dependent upon their individual requirements. Currently, the Facilities Management Section at the Economic Commission for Africa, through the Compound Advisory Committee, is reviewing these requirements with the agencies scheduled to move into the building.

Revised project schedule for the additional office facilities at the Economic Commission for Africa



I. Cost estimates

28. A detailed breakdown of the latest cost estimate is provided in the annex to the present report.

29. During the initial phase of construction, discrepancies were found between the quantities of some items specified in the contract and quantities used in the construction, particularly for concrete and reinforcement bars in the building foundations. These omissions were the result of an error on the part of the architecture and construction management consultant prior to the tender phase. The consultant was immediately notified and instructed to conduct a thorough check on the entire bill of quantities. During the review process, the consultant found underestimations of the contract quantities on some items and overestimations on others. The consultant also identified additional items of work that were not included in the original contract and others that should have been removed from the contract.

30. The discrepancies are expected to increase the cost of construction but not the amount of overall funding required for the project. During discussions with the team from Headquarters that visited the project in April 2011, the issue of the discrepancy was raised and a decision was reached to include the additional amount as an amendment to the contract. Prior to this, it was agreed to have the quantities certified and validated by both the contractor and the independent quantity surveyor hired by the Economic Commission for Africa, in order to minimize any further changes. The consultant has admitted that the initial estimated quantities were erroneous. In the meantime, the construction work is continuing and the Procurement Division, the Office of Legal Affairs and the Economic Commission for Africa are reviewing the case to determine what actions can be taken in accordance with the provisions of the contract.

31. It is noted that the cost of discrepancies, provisionally estimated at $734,000, will substantially deplete the budgeted contingency of $925,186, which is a matter of concern and a risk to the project. With such a low level of contingency funds remaining, it will be challenging to complete the project within budget. Nevertheless, every effort will be made to keep costs within the available budget.

J. Conclusion

32. As at June 2011, the new office facilities project was 30 per cent complete, while about 50 per cent of the contracted time had elapsed. That was mainly due to the prevalent shortage of cement. The Economic Commission for Africa is working with the contractor to accelerate the construction process in order to complete the project by the end of August 2012.

33. Since February 2011, the contractor's proposed enhanced workplan methodology has included working extra hours and deploying more resources to the construction site. The project team is working diligently on the selection of all the finishing materials and collaborating with the host Government in order to avoid future delays owing to importation restrictions.

III. Status of the renovation of Africa Hall

A. Project summary

34. Pursuant to the request of Member States and as noted in General Assembly resolution 65/259, the ECA, in collaboration with the United Nations Educational, Scientific and Cultural Organization and the African Union, has launched the renovation of Africa Hall to make it a "monument to modern African history" on the occasion of the fiftieth anniversary of the Economic Commission for Africa. The Facilities Management Section at the Economic Commission for Africa has evaluated the functionality of the hall in order to achieve a modern conference facility, incorporating exhibition and museum spaces, upgrading all furniture and conference support installations, preserving and restoring historical and cultural values imbedded in the architecture, enhancing safety of the facility and incorporating accessibility for persons with disabilities.

35. To achieve the above, the Facilities Management Section at the Economic Commission for Africa requires a team of specialized professionals (consultants) to produce a coordinated design that includes architectural, structural, mechanical, electrical interior design and quantity surveying components to achieve the required quality of renovation. The Facilities Management Section has finalized the terms of reference for the required consultancy service and is in the process of solicitation.

B. Project schedule

36. The Facilities Management Section at the Economic Commission for Africa has allocated $27,000 for the waterproofing of the terrace and roof slab, and is in the process of engaging a consultant who will develop a phased renovation plan. For the biennium 2012-2013, the Economic Commission for Africa has earmarked $437,000 for the renovation of key electrical, mechanical and interior finishing. The implementation phase of this project is to take place in early 2012, and the actual scope of work to be accomplished will be finalized once the consultant's proposed plan has been completed.

37. Furthermore, additional restoration and renovation work will be required in the future, including replacement of the elevators, protection of the exterior stone, repair of the window gaskets and sealants and replacement of the galvanized piping and deteriorating sanitary fixtures.

IV. Actions to be taken by the General Assembly

38. **The General Assembly is requested to take note of the report.**

Annex

Latest cost plan for the construction of additional office facilities at the Economic Commission for Africa

(United States dollars)

			Projected expenditure		
	Expenditure as at 31 December 2010	*Expenditure January–June 2011*	*July–December 2011*	*2012*	***Total***
Approved in resolutions 56/270 and 60/248					
Construction costs[a]	663 737	897 782	3 961 775	3 671 646	**9 194 940**
Design, consultancy services and project coordination	1 362 810	30 543	69 987	117 878	**1 581 218**
Site work	29 273		400 000	724 027	**1 153 300**
Workstations and furniture				262 800	**262 800**
Contingencies[b]			63 729	127 457	**191 186**
Approved in the programme budget for the biennium 2008-2009					
Installation of information technology and telephone equipment			300 000	800 000	**1 100 000**
Approved in resolution 62/238					
Safety and security				759 800	**759 800**
Internal access roads			30 000	100 000	**130 000**
Parking and landscaping			60 000	600 000	**660 000**
Generators and generator house			210 000	90 000	**300 000**
Total	**2 055 820**	**928 325**	**5 095 491**	**7 253 608**	**15 333 244**

Note: Table does not include the Economic Commission for Africa's expenditure of general funds for the new office facilities project, as follows: actual as at 31 July 2011: $1,170,505; estimated by 31 December 2011: $1,283,249.

[a] Construction costs include $7,460,796 as approved in resolution 62/238; $1,000,145 in additional resources from the Department of Field Services for the top floor; and $734,000 as a result of discrepancies in the bill of quantities (referred to in para. 31).

[b] Budgeted contingency of $925,186 is shown here at a residual value of $191,186 as a result of use to cover discrepancies in the bill of quantities ($925,186-$734,000).